

Message Text

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21

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

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R 131252Z JAN 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5098

INFO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARRIS

C O N F I D E N T I A L TEHRAN 0324

EO 11652: GDS

TAGS: ENRG, TECH, IR

SUB: VISIT OF UK ENERGY MINISTER WEDGEWOOD BENN

1. SUMMARY: VISITING BRITISH MIN ENLRGY ANTHONY WEDGEWOOD BENN, IN TEHRAN JAN 6-7, HAD MORE THAN HOUR-LOND AUDIENCE WITH SHAH AND MET WITH PRIME MINISTER (ALMOST TWO HOURS), OPEC REP AMOUZEGAR, NIOC CHAIRMAN EGHBAL, AND AEOI CHIEF ETEMAD. BRITISH EMBASSY SOURCES, WHO APEARED PLEASEDWITH VISIT, SAID BENN TOOK ROLE OF HONEST LEARNER, WANTING TO UNDERSTAND GOI VIEWS AND PROBLEMS, WHICH HE PROMISED TO "DISCUSS SERIOUSLY" WITH HIS COLLEAGUES IN LONDON. BENN APPARENTLY HIT IT OFF WELL WITH HIS HOSTS IN RELAXED, FRIENDLY TALKS. OIL MATTERS WERE DISCUSSED AT LENGTH WITH EGHBAL, AMOUZEGAR AND SHAH AND WERE TOUCHED ON IN CONVERSATION WITH PRIME MINISTER. ALL GOI OFFICIALS EMPHASIZED NEED FOR HIGHER LEVEL OF OFFTAKE IF IRAN'S DEVELOPMENT PLANS ARE TO CONTINUE UNIMPAIRED.

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IN TALKS ON NUCLEAR MATTERS, NEW GROUND COVERED INCLUDED POSSIBLE

BRITISH CONSULTANCY ON NUCLEAR SAFETY AND SOME MENTION OF POSSIBILITY OF UK REPROCESSING OF IRAN'S SPENT NUCLEAR FUEL. END SUMMARY.

2. AUDIENCE WITH SHAH WAS MAINLY ON "STRATEGIC LEVEL" WITH SHAH EMPHASIZING THAT HEALTHY IRAN IS NECESSARY TO DEFENSE OF WEST, JUST AS HEALTHY UK IS NECESSARY: "WE ARE ALL IN THE SAME BOAT." SHAH AT NO TIME USED "THREATENING" TONE AND ALLUDED TO NO RPT NO SPECIFIC UK PROJECTS, HE NOTED "DANGER TO TRADING RELATIONSHIP" IF IRAN'S REVENUE FALLS SHORT OF DEVELOPMENT NEEDS. SHAH SAID SAME APPLIED TO FRANCE AND ADDED THAT FRENCH PROGRAMS THAT MAY SUFFER ARE TEHRAN METRO (SUBWAY) AND NUCLEAR REACTORS. UNITED STATES, HE SAID, "WOULD SUFFER EVEN MORE." SHAH INDICATED APPRECIATION OF PROBLEM OF OVERPRICING OF IRANIAN HEAVY CRUDE OIL, AND GAVE WHAT BRITISH EMBASSY SOURCES CONSIDERED "FIRM INDICATION" OFFORTHCOMING CUT IN PRICE OF HEAVY CRUDE. (CONSORTIUM REPS INDICATE QUESTION IS NOT WHETHER TO CUT PRICE, BUT HOW MUCH. GOI WANTS TO FIND ABSOLUTE MINIMUM LEVEL OF PRICE CUT THAT WILL HAVE DESIRED EFFECT ON LIFTINGS, BUT DOESN'T KNOW WHAT THIS LEVEL IS.) ONE BRITISH SOURCE DESCRIBED GENERAL TENOR OF SHAH'S REMARKS AS "I WILL DO MY PART TO MAKE OIL AVAILABLE TO WEST AND CONTRIBUTE TO ITS DEFENSE, BUT YOU MUST ALSO DO YOUR PART BY TRYING TO INFLUENCE COMPANIES TO TAKE MORE OIL FROM IRAN. YOU MUST ASSIST ME WHEN I HAVE DIFFICULTIES, AS I HAVE ASSISTED YOU IN YOUR TROUBLES." IN THIS AND OTHER DISCUSSIONS, BENN STROVE MIGHTILY TO EXPLAIN TO IRANIANS THE "ARMS LENGTH" RELATION BETWEEN BP AND HMG, WHICH MADE IT VIRTUALLY IMPOSSIBLE FOR HMG TO INTERFERE IN BP'S OPERATIONS. BRITISH EMBASSY SOURCES INDICATED THIS ARGUMENT WAS NEITHER UNDERSTOOD NOR BELIEVED.

3. EGHBAL TOLD BENN AT SOME LENGTH THAT COMPANIES "ARE NOT FULFILLING THEIR OBLIGATIONS" TO LIFT PROGRAMMED AMOUNTS OF CRUDE

NIOC. (COMMENT: WE HAVE BEEN UNABLE TO FIND ANYTHING IN AGREEMENT OR RELATED DOCUMENTS THAT SUPPORTS THIS CONTENTION.) AMOUZEGAR TOOK DIFFERENT TACK AND "WEARING BOTH MIN INT AND 'OIL MINISTER' HATS," MADE WHAT AMOUNTED TO "PLEA FOR HELP": GOI TRIES TO BUDGET ON BASIS OF CONSORTIUM MEMBERS' PROGRAMMED OFFTAKE; IF COMPANIES TAKE LESS, DEVELOPMENT PROGRAMS WILL SUFFER, RAISING SPECTRE OF POPULAR DIS-

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AFFECTION DUE TO UNFULFILLED EXPECTATIONS. BRITISH FOUND TONE AND SUBSTANCE OF THIS ARGUMENT A "SURPRISING ADMISSION OF WEAKNESS." AMOUZEGAR TOLD BENN THAT GOI "IS NOT LOOKING FOR A RETURN TO THE 1974 LEVEL OF OFFTAKE, BUT WILL BE SATISFIED IF COMPANIES COME TO WITHIN 2-3PERCENT OF THAT FIGURE."

4. IN MEETING WITH AEOI PRESIDENT, DR. AKBAR ETEMAD, BENN HEARD GENERAL DESCRIPTION OF IRAN'S ATOMIC ENERGY PROGRAM IN WHICH ETEMAD

STRESSED THAT GOI'S ULTIMATE OBJECTIVE IS SELF SUFFICIENCY IN NUCLEAR FUEL CYCLE, INCLUDING REPROCESSING. IT IS UNDERSTOOD THEY TOUCHED LITELY ON THE POSSIBILITY OF IRANIAN SPENT FUEL BEING REPROCESSED IN THE UK. ETEMAD FEELS 80-90 PERCENT OF GOI NEAR TERM ENRICHED URANIUM REQUIREMENT IS NOW ASSURED BY IRANIAN PARTICIPATION IN EURODIF AND COREDIF BUT HE SAID HE WOULD ALSO BE IINTERESTED IN LOOKING AT URENCO. NO NEW AGREEMENT WAS SIGNED IN FIELD OF NUCLEAR ENERGY, BUT EMBASSY UNDERSTANDS THAT IN ADDITION TO THE TWO PREVIOUSLY SIGNED ON TRAINING AND RESEARCH ASSISTANCE, BRITISH CONSULTANCY ON NUCLEAR SAFETY IS BEING CONSIDERED, ALTHOUGH PRIVATE CONSULTANTS ARE STILL VERY MUCH IN THE RUNNING.

5. BRITISH COLLEAGUES SAID SHORTLY BEFORE BENN VISIT, UK CHARGE' CHALMERS VISITED MIN ECON AFFAIRS AND FINANCE ANSARY ARMED WITH STATISTICS SHOWING THAT PERCENT OF UK OIL IMPORTS THAT COME FROM IRAN HAS BEEN RISING FOR LAST THREE YEARS. ANSARY "GAVE CHALMERS AN EXTREMELY HARD TIME," SAYING IN EFFECT: "I DON'T GIVE A DAMN ABOUT YOUR FIGURES, IF YOU DON'T DO BETTER, THERE'LL BE TROUBLE." BRITISH WERE PLEASANTLY SURPRISED THAT THERE WAS NONE OF THIS TONE IN BENN VISIT AND SAID VISIT WENT EXTREMELY WELL. ONE DESCRIBED VISIT IN PRESENT CIRCUMSTANCES OF "THE ONE BRITISH MINISTER ABLE TO DISCUSS RANGE OF ENERGY PROBLEMS" AS A HAPPY ACCIDENT.
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